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SUBJECT: COLOMBIA SIGNS FTA WITH EFTA

REF: BOGOTA 4178

11. (U) SUMMARY On November 25, Colombia signed a Free Trade Agreement with the four member countries of the European Free Trade Association (EFTA) -- Switzerland, Norway, Iceland, and Liechtenstein. With total trade between EFTA countries and Colombia at just over one billion dollars, the agreement's strategic significance outweighs its commercial value. Nonetheless, Colombia sees the agreement as a tool to further strengthen ties with Europe and deepen trade relationships with willing partners. Coming just days after having inked a similar deal with Canada, Colombia is hopeful that its aggressive push forward on trade will draw attention to the stalled U.S.-Colombia Trade Promotion Agreement. END SUMMARY

TRADE WITH EFTA: SMALL, BUT GROWING

12. (U) Colombian Trade Minister Luis Guillermo Plata, along with his four EFTA counterparts signed the agreement in Geneva. Plata told the press the agreement, "strengthens Colombia's strategy to deepen relationships with Europe." EFTA's exports to Colombia, which totaled 360 million dollars in 2007, include pharmaceuticals, chemicals and machinery. Colombia exported some 860 million dollars to EFTA countries in 2007, including precious stones and metals, coffee and fruit.

SWIFT AGREEMENT WITH BENEFITS FOR ALL

13. (U) After beginning negotiations in June, 2007, the two sides concluded the fifth and final round on June 12, 2008. Colombian industrial goods will enter EFTA countries tariff-free, while Colombian processed agricultural exports to EFTA countries will receive the same treatment as those from the EU. Switzerland, which is responsible for the lion's share of EFTA's trade with Colombia, gained concessions on certain agricultural products, including wine, dried meats, and cheese. The agreement also contains investment provisions, particularly important to Switzerland, whose companies, such as Nestle and Glencore, have large investments in Colombia.

COLOMBIA MOVING FORWARD, U.S. STANDING STILL?

14. (U) Colombia becomes the first Andean country to sign an FTA with EFTA, and the fourth country in the Western

Hemisphere -- along with Canada, Mexico, and Chile -- to do so. Coming on the heels of the FTA-signing with Canada, Colombia's agreement with EFTA, while small in terms of current trade volumes, underscores the seriousness Colombia attaches to diversifying its trade partners and opening its economy. Given that the U.S. is Colombia's largest trading partner, news of other trade agreements only serves to focus attention in the media and the business community on the fact that the U.S.-Colombia Trade Promotion Agreement remains in limbo.

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